



Water & Wastewater Treatment Equipment

Thailand

Market Overview

In 2005, sales and servicing of wastewater treatment equipment in Thailand is expected to increase only slightly from the year 2004. The major reason that government spending in new wastewater treatment projects is slowing down since more than \$1 Billion has already been heavily invested in constructing wastewater treatment plants over the past 6 years in both metropolitan and provincial areas. At this time, 68 municipal wastewater treatment plants have been completed and many are in continuous operation.

Opportunities in this industry are still strong in Bangkok, specifically at the largest wastewater treatment plant project under the Bangkok Metropolitan Administration's (BMA) responsibility. Overall, the estimated total market size for wastewater treatment equipment in Thailand is approx. \$110-120 Million per year, with an anticipated growth rate of 1-2% in the year 2005-2006. Potential sales include submersible pumps, blowers, aeration systems, sludge dewatering, screening machines, conveyers and electrical equipment.

U.S. Position and Competitors

U.S. products have a good reputation among Thai engineering/consultants and purchasers. When available, U.S. products always appear on the shortlist as qualified technology. In contrast, because of their price competitiveness in the market, European or Japanese products are more successful in sales. At present, when a supplier wants to win a bid, they are likely to cut 30-35% off their initial quotation. In this situation, American products, generally cannot withstand a high percentage cut like that. Thus, only 10-12% of the market belongs to American products while Japan and Germany have 28% and 32% market share, respectively. Others countries, such as Sweden, Ireland, Spain, Poland, and Israel have a few percentage of market share.

Product quality and reliability as well as strong after-sales service and regular maintenance are the most important factors for sales and marketing of wastewater treatment equipment. To prove product credibility, reliability and performance to consultants bidding in major projects, local representatives have to work hard to sell the product to various small projects, using these as a reference for longer customers.

Best Sales Prospects

Wastewater treatment equipment and products are widely used in projects in both the government and private sectors. Governmental projects normally use products from America, Europe and Japan. Government agencies are likely to hire qualified consultants, who have been working with them for several years, to develop specifications and technology requirements. They prefer new technologies or modernized products in America. However, the cabinet has announced that if local products are qualified, they must be used. In cases where the technology has to be imported, the consultant has to work carefully to find the right solution and provide alternative brands for competition in the purchasing process. The government prefers to avoid situations where a "unique technology" would solve a given problem, as this is not consistent with Thailand's competitive procurement rules.

Government projects:

- Bangkok wastewater treatment project phase 5 and 6, the Sewerage and Drainage Department (SDD), Bangkok Metropolitan Administration (BMA)
- Municipal waste water treatment expansion projects in the Pollution Control Department (PCD),
- Wastewater treatment operation and improvement programs, the Wastewater Management Authority of Thailand (WMA)

Commercial Opportunities

Pumps and Submersible pumps

- Submersible pumps (1.5-450 hp)
- Small centrifugal pumps (0.5-20 hp)
- High power storm water pumps (300-450 hp)
- Vertical flow submersible pumps (250-300 hp)
- Aerators and mixers (2-20 hp)
- Metering Pumps

Dosing Pumps

- Vacuum Pumps

Sludge Dewatering Equipment

- Filter presses
- Belt presses
- Small dewatering systems

Screening Machines

- Bar screens
- Shredding screens

Electrical equipment

- Control panels and switchboards
- Electrical devices
- Sampling devices
- Analytical devices

Consultants and Engineering

- Operation and maintenance contract services
- Upgrading and engineering design/consultants
- Technical training
- Laboratory services

Market Access

Import Climate: Duties/taxes applied to wastewater treatment equipment and products are varied from 0-5%. The Thai government strongly supports the importation of pollution control equipment used in wastewater treatment, solid waste disposal, air pollution control and energy conservation. There is no barrier against them. However, for advanced technology that has not yet been imported, it is necessary to provide enough information prior to importation on the technology and its application to the Customs Department.

If the product is new to Thailand and the Customs Department does not recognize it as pollution control equipment, importers have to supply product catalogs/brochures and other necessary information to prove that it is the environmental technology equipment to the Customs Department prior to import. Tariff rate is judged based on major contents of the product. Overall, importation of wastewater treatment equipment is convenient and relatively free of market barriers.

Distribution/Business Practices: Identifying the proper local business partner is the most important decision a U.S. equipment supplier must make in order to successfully promote its wastewater treatment equipment to potential buyers, end users, consultants and governmental regulators. Whether working on small or large-scale projects in Thailand, appointed agent/distributors are necessary to provide face-to-face contact with these customers. The right local partner manages all aspects of market development from the project development stage to selling the products to installation at the project. The equipment must provide a one or two year service guarantee and regular maintenance, which the local partner will handle. There are many details during each step which a locally-based partner must oversee.

Each product should have only one representative in the market, primarily to avoid confrontation over the same project, including quotation submission and after-sales services. Appointing more than one representative is not useful, although manufacturers may think that it is better to increase accessibility to the market. Eventually, these competing representatives will clash and reduce the reputation of the supplier to customers. Whichever representative is chosen, the selling price is generally marked up 20-30% over CIF price by the agent/distributor.

Financing: Importers, depending on the purchasing volume, normally transfer money to a manufacturer's account or apply for a letter of credit (LC). Both ways must be agreed internally between the importer and manufacturer when concluding an agent/distributor agreement. The importers normally provide a 5-10% deposit with the purchase order and the balance will be due within 60-120 days.

Financial support for implementing environmental improvement projects is available at the Industrial Finance Corporation of Thailand (IFCT). This organization provides soft loans and low interest rates for private customers who want to solve their environmental problems or achieve energy conservation. The Board of Investment (BOI) provides tax incentives and tariff exemption or reduction for the importation of pollution control products for plants established under BOI privilege.

United States bilateral export financing, loan guarantee and insurance programs are available from the Export and Import Bank (EXIM). Financing includes medium and long-term loans and bank guarantees. EX-IM Bank loans will consider projects that have at least 80-85% U.S. export content.

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